

CLEVELAND PUBLIC LIBRARY  
BUSINESS INF. BUR.  
CORPORATION FILE

Walgreens DRUGS

ANNUAL  
REPORT

*to Shareowners*

1959

*Walgreen Co.*



## DIRECTORS

A. A. BORG	EDWARD P. LESLIE
SANFORD J. BOWYER	S. S. RAAB*
C. R. CAMPBELL	R. G. SCHMITT
ROBERT G. KNIGHT	A. L. STARSHAK
C. R. WALGREEN, JR.	

## OFFICERS

C. R. WALGREEN, JR.	<i>President</i>
H. W. BECKER	<i>General Auditor</i>
A. A. BORG	<i>Vice President</i>
SANFORD J. BOWYER	<i>Vice President</i>
C. R. CAMPBELL	<i>Vice President</i>
O. G. GILE	<i>Assistant Secretary</i>
ROBERT G. KNIGHT	<i>Vice President and Treasurer</i>
C. E. LA FRAMENTA	<i>Vice President</i>
EDWARD P. LESLIE	<i>Vice President</i>
W. W. LOW	<i>Assistant Treasurer</i>
A. F. MERNER	<i>Assistant Secretary</i>
W. K. MISKE	<i>Assistant Secretary</i>
S. S. RAAB*	<i>Vice President</i>
W. H. REESE	<i>Assistant Secretary</i>
R. G. SCHMITT	<i>Vice President and Secretary</i>
A. L. STARSHAK	<i>Vice President</i>
N. P. STARSHAK	<i>Comptroller</i>

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*Public Accountants and Auditors*..... ARTHUR ANDERSEN & Co.

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*Transfer Agents*... THE FIRST NATIONAL BANK OF CHICAGO  
MORGAN GUARANTY TRUST COMPANY OF NEW YORK

*Registrars*..... HARRIS TRUST AND SAVINGS BANK OF CHICAGO  
THE FIRST NATIONAL CITY BANK OF NEW YORK

General Offices, 4300 W. Peterson Ave., Chicago 46, Ill.

*\*Name changed from S. S. Rabinovitz*

## The President's Annual Message



**S**ALES and earnings again attained new highs in the fiscal year covered by this report. Sales exceeded 285 millions. Earnings per share, based upon the number of shares presently outstanding—including the stock dividend issued at the very end of the fiscal year—were \$4.32. Based upon

the number of shares outstanding a year ago, the earnings would have been \$4.46, compared to \$4.11 last year.

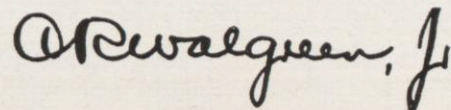
During the year we opened 27 stores; 11 were closed, 9 of which were replaced by newer and larger

units, and 2 because their future prospects did not warrant their rehabilitation. At September 30 we were operating 422 stores; 179 of these were self service, a further move in our steady shift toward this type of operation. Sales from our self service stores now represent over half of our volume of business. The number of new openings was larger than in the previous year, and we are looking forward to a still larger number of new openings during the current fiscal year, which began October first. To better service our expanding business, a new warehouse soon will be

completed in Jacksonville, Florida, and those in Chicago and Denver have been enlarged.

I believe that our vigorous organization and improved operating methods put us in a good position to meet strong and changing competitive conditions.

Sincerely,

A handwritten signature in cursive script, reading "O. Walgreen, Jr.", written in dark ink.

*President*

Chicago, November 21, 1959

# Walgreen Co. and Subsidiary Companies

COMPARATIVE

## ASSETS

	September 30,	
	1959	1958
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 5,846,010	\$ 5,270,446
Accounts receivable, less reserves .....	4,211,626	3,393,874
Inventories of merchandise, priced at the lower of cost or market, less reserves .....	34,462,108	31,231,626
<b>TOTAL CURRENT ASSETS .....</b>	<b>44,519,744</b>	<b>39,895,946</b>
<b>PREPAID RENT, INSURANCE, TAXES, ETC. ....</b>	<b>1,123,302</b>	<b>1,029,474</b>
<b>INVESTMENTS IN AFFILIATED AND OTHER COMPANIES, at cost (equity in underlying book values or market value \$4,260,000 in 1959 and \$3,660,000 in 1958) .....</b>	<b>1,668,978</b>	<b>1,669,857</b>
<b>FIXED ASSETS, at cost:</b>		
Land .....	163,180	68,000
Buildings (on owned and leased land) .....	1,594,159	1,554,101
Equipment .....	28,274,330	26,215,585
	<b>30,031,669</b>	27,837,686
Less—Reserves for depreciation .....	13,077,849	11,899,280
<b>TOTAL FIXED ASSETS .....</b>	<b>16,953,820</b>	<b>15,938,406</b>
<b>GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ETC., at nominal amount .....</b>	<b>1</b>	<b>1</b>
	<b>\$64,265,845</b>	<b>\$58,533,684</b>

### NOTE:

In 1957, the shareowners approved a restricted stock option plan for key employees, including officers. At September 30, 1959, 52,423 shares of common stock were reserved for issuance under this plan of which options are outstanding for 50,273 shares at prices ranging from \$26.21 to \$44.79. Options granted under this plan are exercisable beginning one year from the date of grant over a

BALANCE SHEET

LIABILITIES

	September 30,	
	1959	1958
CURRENT LIABILITIES:		
Trade accounts payable .....	\$ 9,275,576	\$ 8,284,268
Accrued expenses and other liabilities .....	7,933,400	7,456,927
Federal and State income taxes .....	4,740,812	3,707,876
Notes payable .....	950,000	500,000
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>22,899,788</b>	<b>19,949,071</b>

2½% NOTE, due August 15, 1960 (current maturity included above) . .	—	950,000
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SHAREOWNERS' EQUITY:

Common stock, \$10 par value—		
Authorized 1,955,522 shares; issued and outstanding 1,336,207 shares in 1959 and 1,292,485 shares in 1958; at stated value..	14,826,033	12,924,850
Earned surplus .....	26,540,024	24,709,763
<b>TOTAL SHAREOWNERS' EQUITY .....</b>	<b>41,366,057</b>	<b>37,634,613</b>
	<b>\$64,265,845</b>	<b>\$58,533,684</b>

period not exceeding five years and in reduced amounts thereafter through 1967. During 1959, 10,710 shares became exercisable of which 8,990 were exercised; options for 4,550 shares were granted; and previously granted options required an adjustment of 1,413 shares because of the 3% stock dividend declared in 1959.

# Walgreen Co. and Subsidiary Companies

## COMPARATIVE STATEMENT OF INCOME

For the Years Ended September 30, 1959 and 1958

	<u>1959</u>	<u>1958</u>
SALES AND OTHER INCOME:		
Net sales and other store income .....	<b>\$285,079,083</b>	\$259,898,209
Other income (net) .....	<b>269,541</b>	296,045
	<u><b>285,348,624</b></u>	<u>260,194,254</u>
COSTS AND DEDUCTIONS:		
Cost of sales and of selling, occupancy and administration, except depreciation .....	<b>270,065,023</b>	245,896,680
Depreciation of buildings and equipment .....	<b>2,086,711</b>	1,928,932
Provision for contribution to employees' retirement pension trust .....	<b>1,693,000</b>	1,765,000
Improvements to leased properties .....	<b>401,396</b>	230,380
	<u><b>274,246,130</b></u>	<u>249,820,992</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES .....	<b>11,102,494</b>	10,373,262
Provision for income taxes .....	<b>5,330,000</b>	5,060,000
NET INCOME .....	<u><b>\$ 5,772,494</b></u>	<u>\$ 5,313,262</u>

## COMPARATIVE STATEMENT OF SHAREOWNERS' EQUITY

For the Years Ended September 30, 1959 and 1958

### Earned Surplus

Balance, beginning of year .....	<b>\$ 24,709,763</b>	\$ 21,852,223
Net income .....	<b>5,772,494</b>	5,313,262
	<u><b>30,482,257</b></u>	<u>27,165,485</u>
Deduct—Dividends paid—		
Cash of \$1.60 per share in 1959 and \$1.90 per share in 1958	<b>2,077,852</b>	2,455,722
3% stock dividend (34,732 shares issued and cash payments for fractional shares of \$205,928, at market value of \$47.75 per share) .....	<b>1,864,381</b>	—
	<u><b>3,942,233</b></u>	<u>2,455,722</u>
Balance, end of year .....	<u><b>\$ 26,540,024</b></u>	<u>\$ 24,709,763</u>

### Common Stock

Balance, beginning of year .....	<b>\$ 12,924,850</b>	\$ 12,924,850
Proceeds from 8,990 shares issued under employees' stock option plan .....	<b>242,730</b>	—
Transfer of earned surplus in connection with 3% stock dividend .....	<b>1,658,453</b>	—
Balance, end of year .....	<u><b>\$ 14,826,033</b></u>	<u>\$ 12,924,850</u>



ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET  
CHICAGO 3

*To the Board of Directors,*

WALGREEN Co.:

We have examined the consolidated balance sheet of WALGREEN Co. (an Illinois corporation) AND SUBSIDIARY COMPANIES as of September 30, 1959, and the related statements of consolidated income and shareowners' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and shareowners' equity present fairly the financial position of Walgreen Co. and Subsidiary Companies as of September 30, 1959, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & Co.

Chicago, Illinois,

November 12, 1959.



*Walgreens*

**The  
NEW  
VIEW  
of**

*Walgreen*

**DRUG  
STORES**

**27**

**NEW STORES**

**OPENED IN**

**1959**

Alameda, Cal., *South Shore Shopping Center*

Atlanta, Ga., *908 Gordon St.*

Atlanta, Ga., *Lenox Square Shopping Center*

Bridgeview, Ill., *Southfield Shopping Center*

Chicago, Ill., *1069 Bryn Mawr Ave.*

Chicago, Ill., *9101 S. Commercial Ave.*

Chicago, Ill., *Harlem-Foster Shopping Center*

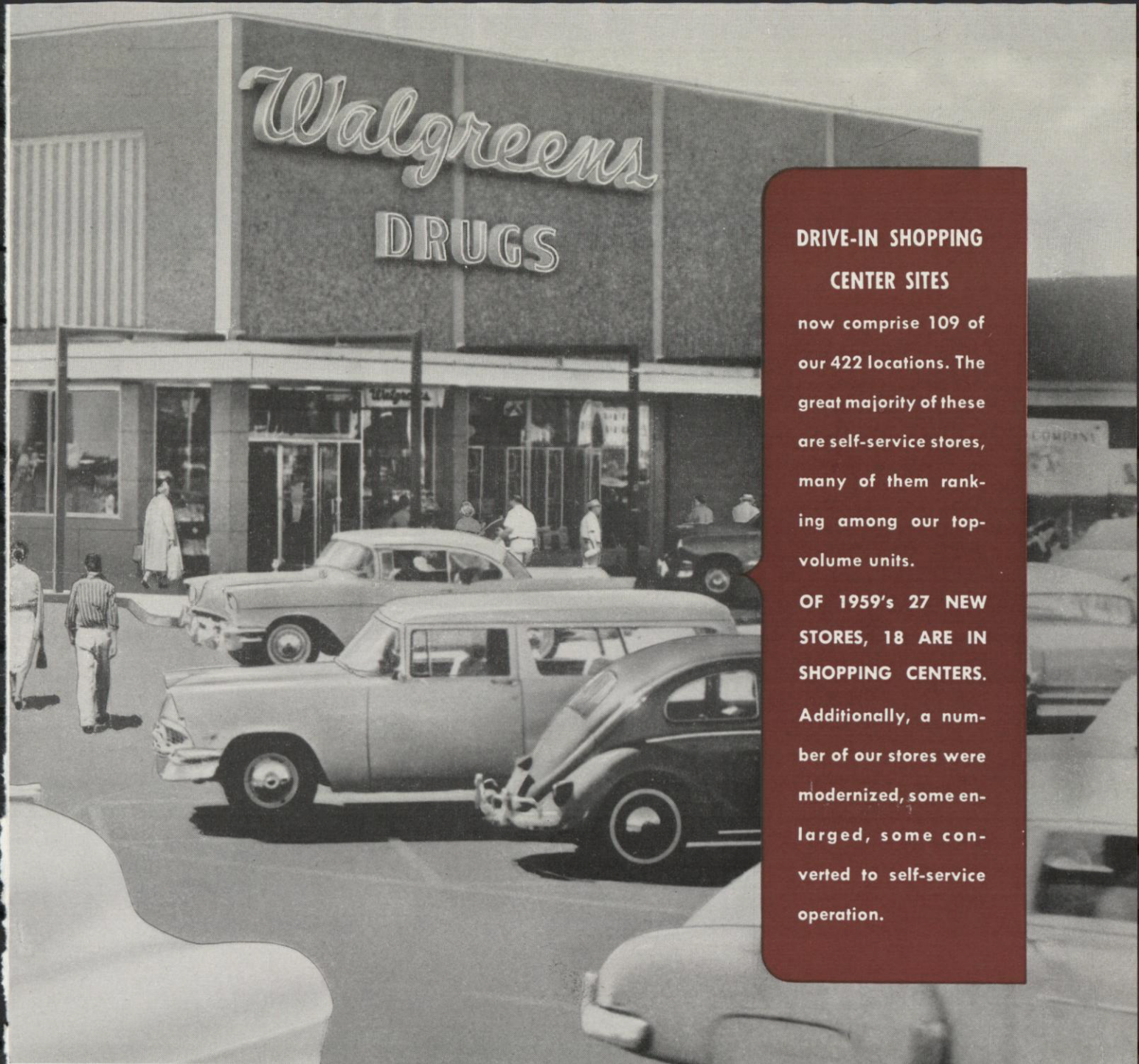
Chicago, Ill., *Howard-Western Shopping Center*

Chicago, Ill., *4800 W. Madison Ave.*

Daly City, Cal., *Westlake Shopping Center*

Des Moines, Ia., *Merle Hay Plaza*

*Walgreens ...*



# Walgreens DRUGS

## DRIVE-IN SHOPPING CENTER SITES

now comprise 109 of our 422 locations. The great majority of these are self-service stores, many of them ranking among our top-volume units.

**OF 1959's 27 NEW STORES, 18 ARE IN SHOPPING CENTERS.**

Additionally, a number of our stores were modernized, some enlarged, some converted to self-service operation.

Downers Grove, Ill., 5139 S. Main St.

Ft. Lauderdale, Fla., 301 S. Andrews Ave.

Gary, Ind., Tri-City Shopping Plaza

Houston, Tex., Montclair Shopping Center

Jacksonville, Fla., Gateway Shopping Center

Louisville, Ky., 707 S. 4th St. (Prescription Pharmacy)

Memphis, Tenn., 2 N. Main St.

Memphis, Tenn., Poplar-Highland Plaza

New Albany, Ind., 302 Pearl St.

New Orleans, La., South Claiborne Shopping Center

Paramus, N.J., Bergen Mall Shopping Center

Park Ridge, Ill., Village Green

St. Paul, Minn., Midway Shopping Center

Tucson, Ariz., El Rancho Shopping Center

Wauwatosa, Wis., Mayfair Shopping Center

Western Springs, Ill., Garden Market

*A Growth Company in a Growth Field*

# THIS IS *Walgreen*

## SELF-SELECTION



## INFORMATION, PLEASE



## 'IMPULSE' BUYING



CHARACTERISTICS of our self-service drug stores: Larger Sales Area,  
Expanded Merchandise Selection, Greater Overall Volume.

*een*

# SELF-SERVICE

## BEAUTY COUNSEL



## SPEEDY CHECK-OUT



## PRESCRIPTION SERVICE



PRESCRIPTION volume continues to climb in both conventional and self-service units.

Prime reasons: Dependable Service, Finest Facilities, Fair Prices.



...Where We Do Our

**ALABAMA (1)**

Mobile

**ARIZONA (6)**

Phoenix (4)  
Tucson (2)

**ARKANSAS (3)**

Fort Smith  
Hot Springs  
Little Rock

**CALIFORNIA (13)**

Alameda  
Daly City  
Hayward  
Oakland  
Palo Alto  
Redwood City  
Sacramento (2)  
San Francisco (3)  
San Mateo  
Santa Monica

**COLORADO (12)**

Boulder  
Colorado Springs  
Denver (6)  
Englewood  
Fort Collins  
Lakewood  
Pueblo

**CONNECTICUT (2)**

Bridgeport  
Hartford

**FLORIDA (19)**

Daytona Beach  
Fort Lauderdale  
Hialeah  
Jacksonville (3)  
Lakeland  
Miami (4)  
N. Miami Beach  
Orlando  
Panama City  
Pensacola  
St. Petersburg  
Tallahassee  
Tampa  
West Palm Beach

**GEORGIA (8)**

Atlanta (5)  
Augusta  
Columbus  
Savannah

**ILLINOIS (139)**

Arlington Heights  
Aurora  
Berwyn (2)  
Bloomington  
Blue Island  
Bridgeview  
Centralia  
Champaign  
CHICAGO (83)  
Chicago Heights  
Cicero (2)  
Danville  
Decatur (2)  
Des Plaines  
Downers Grove  
East St. Louis  
Elgin  
Elmhurst  
Evanston  
Evergreen Park  
Galesburg  
Glen Ellyn  
Harvey  
Highland Park (2)  
Hinsdale  
Joliet  
Kankakee  
La Grange  
Lake Forest  
Moline  
Morton Grove  
Norridge  
Oak Park (3)  
Park Ridge (2)  
Peoria (2)  
Quincy  
Rockford (2)  
Rock Island  
Skokie (3)  
Springfield  
Sterling  
Waukegan (2)  
Western Springs  
Wheaton  
Winnetka

**INDIANA (16)**

Anderson  
East Chicago  
Fort Wayne (3)  
Gary (3)  
Hammond (2)  
Lafayette  
Logansport  
Michigan City  
Muncie  
New Albany  
South Bend

**IOWA (6)**

Clinton  
Council Bluffs  
Davenport (2)  
Des Moines (2)

**KANSAS (2)**

Topeka  
Wichita

**KENTUCKY (13)**

Lexington  
Louisville (8)  
Newport  
Owensboro  
Paducah  
Pleasure Ridge Park

**LOUISIANA (17)**

Alexandria  
Baton Rouge (2)  
Lake Charles  
Metairie  
Monroe  
New Orleans (10)  
Shreveport

**MASSACHUSETTS (2)**

Springfield  
Worcester

**MICHIGAN (7)**

Battle Creek  
Benton Harbor  
Flint  
Jackson  
Kalamazoo  
Lansing  
Muskegon

**MINNESOTA (14)**

Duluth (2)  
Edina  
Minneapolis (7)  
Richfield  
St. Paul (2)  
St. Louis Park

**MISSISSIPPI (2)**

Jackson  
Vicksburg

**MISSOURI (10)**

Crestwood  
Jennings  
Richmond Heights  
St. Louis (7)

**NEBRASKA (3)**

Lincoln  
Omaha (2)

**NEW JERSEY (2)**

East Paterson  
Paramus

**NEW MEXICO (1)**

Albuquerque

**NEW YORK (16)**

Albany  
De Witt  
Hempstead  
Levittown, L.I.  
Massapequa Park  
New Hyde Park  
New York (6)  
Niagara Falls  
Syracuse  
Valley Stream  
Yonkers

**N. CAROLINA (5)**

Durham  
Greensboro  
Raleigh  
Wilmington  
Winston-Salem

**OHIO (12)**

Akron  
Cincinnati (3)  
Columbus (3)  
East Cleveland  
Lima  
Springfield  
Toledo (2)

**OKLAHOMA (3)**

Tulsa (3)

**PENNSYLVANIA (1)**

Altoona

**S. CAROLINA (3)**

Charleston  
Columbia  
Greenville

**S. DAKOTA (2)**

Aberdeen  
Sioux Falls

**TENNESSEE (15)**

Knoxville  
Madison  
Memphis (10)

Nashville (2)  
Oak Ridge

**TEXAS (33)**

Abilene  
Amarillo  
Beaumont (2)  
Corpus Christi (2)  
Dallas (6)  
Galveston  
Houston (12)  
Lubbock  
Pasadena  
Port Arthur  
San Antonio (2)  
University Park  
Waco  
Wichita Falls

**UTAH (4)**

Price  
Salt Lake City (3)

**VIRGINIA (1)**

The Pentagon

**W. VIRGINIA (2)**

Huntington  
Wheeling

**WISCONSIN (25)**

Appleton  
Beloit  
Eau Claire  
Glendale  
Green Bay  
Kenosha  
Menasha  
Milwaukee (15)  
Racine  
Wauwatosa  
West Allis

**WYOMING (2)**

Casper  
Cheyenne

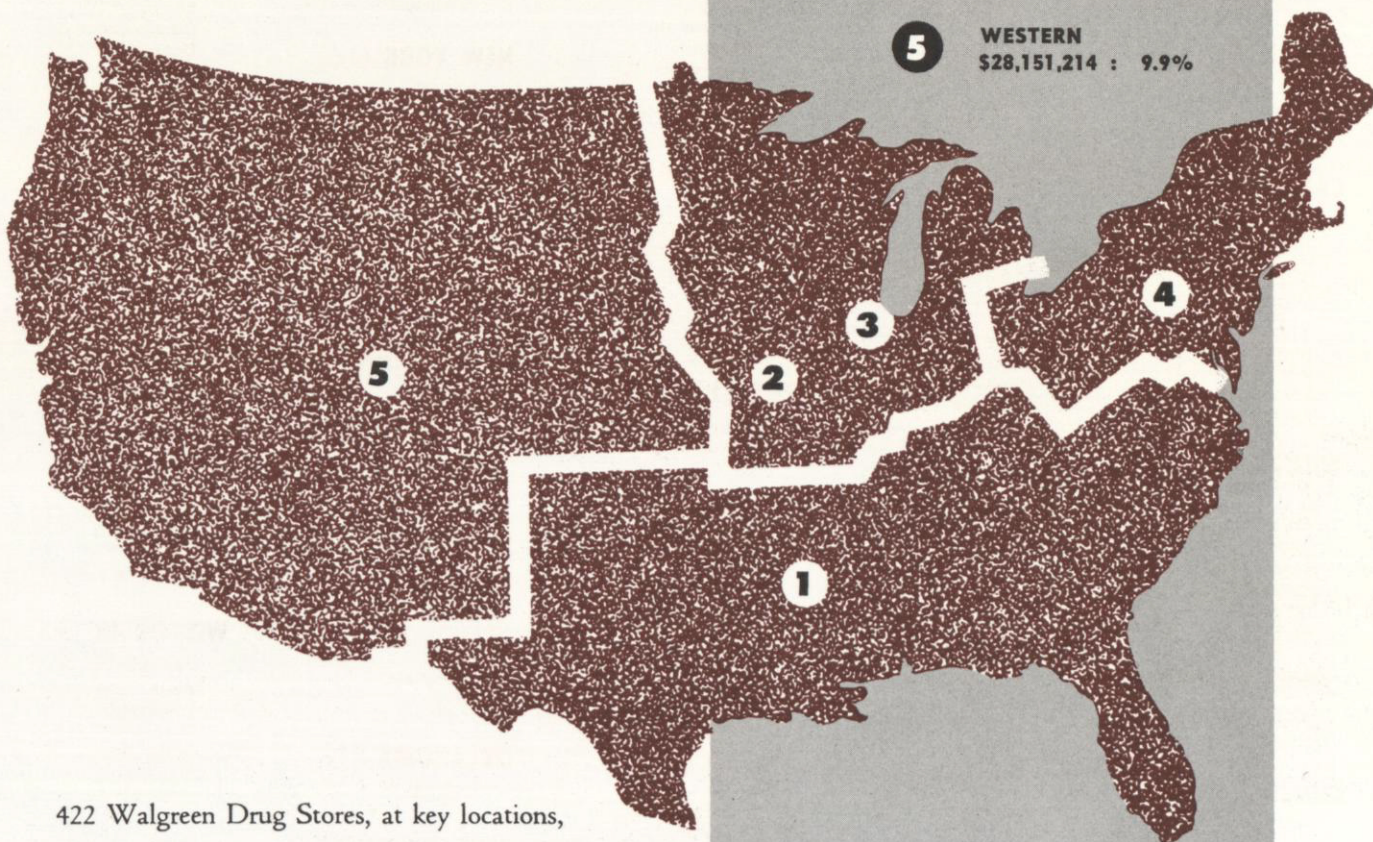


**Sanborns  
MEXICO**

Mexico City (4)  
Monterrey

Walgreens

## DISTRIBUTION OF SALES:

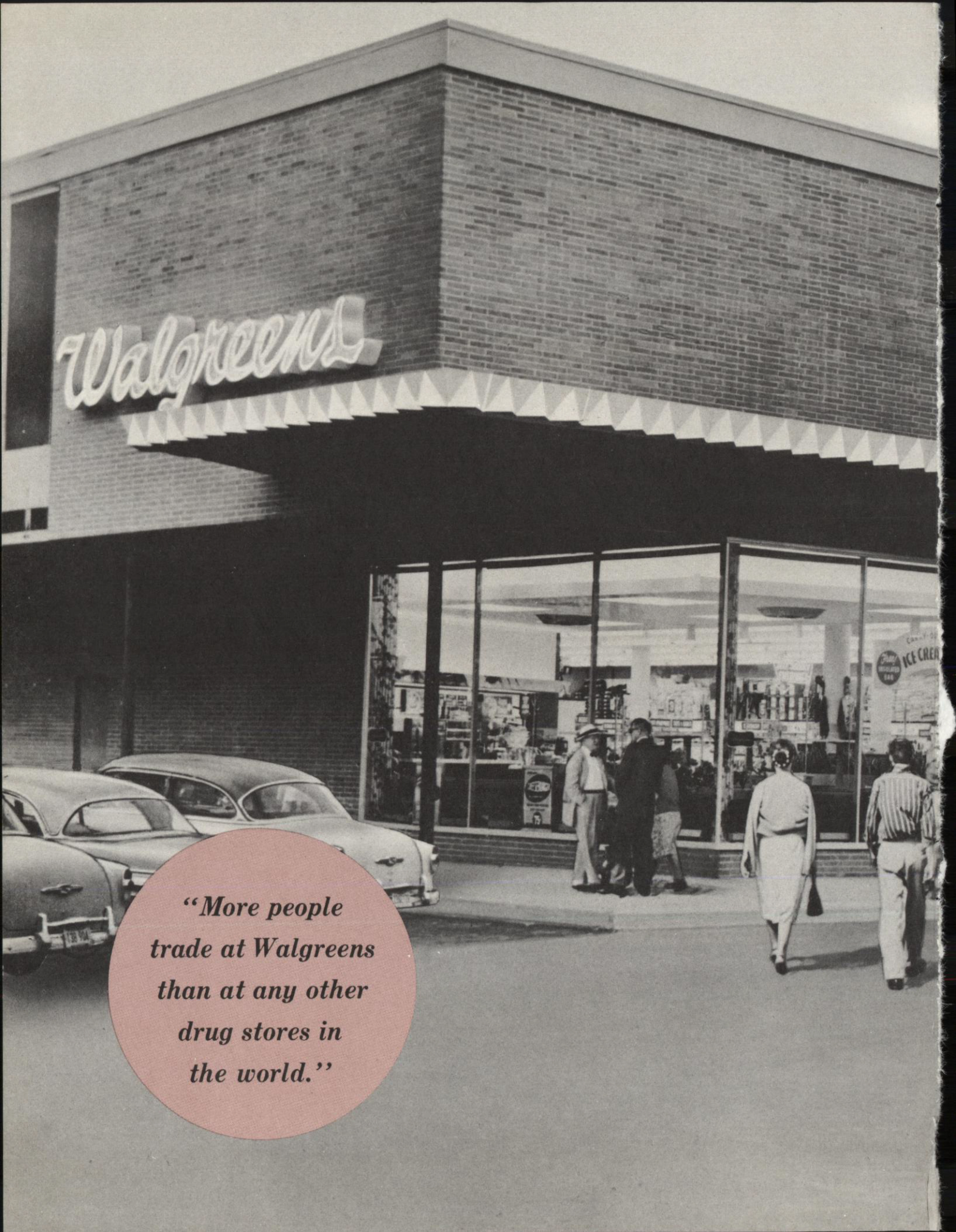


<b>1</b>	<b>SOUTHERN</b> \$84,265,567 : 29.6%
<b>2</b>	<b>MIDWEST</b> (Chicago excluded) \$84,177,896 : 29.5%
<b>3</b>	<b>CHICAGO, ILL.</b> \$59,524,364 : 20.9%
<b>4</b>	<b>EASTERN</b> \$28,960,042 : 10.1%
<b>5</b>	<b>WESTERN</b> \$28,151,214 : 9.9%

422 Walgreen Drug Stores, at key locations, bring *better health, better living, better value* to communities across the nation. In addition, 1835 independently-owned Walgreen Agency Drug Stores carry our name and our products into many areas not directly served by our own stores; and our affiliate in Mexico, the celebrated *Sanborns*, gives international scope to our operations.



.. *the Nation's Name for Drug Stores*



*“More people  
trade at Walgreens  
than at any other  
drug stores in  
the world.”*